

Exhibit D

Part 2 of 2

SAVINGS AND INVESTMENT PLAN**How the Plan Works** *(cont'd)**Deferral at Retirement (cont'd)*

In either case, you will need to elect how the amounts transferred will be invested (in 10% increments) in the Fixed Income, Balanced or Equity Funds. Solutia Company Match amounts transferred out of the Employer (Solutia) Stock Fund as a result of a Solutia Company Match Stock Transfer Election are sometimes called "diversified Solutia Company Match Account amounts."

After the month in which the transfer occurs, you may make additional transfers of your diversified Solutia Company Match Account amounts among the Fixed Income, Balanced and/or Equity Funds once each month. You will need to elect how your diversified Solutia Company Match Account amounts are to be invested (in 10% increments) after the transfer. In addition, you will be able to transfer amounts back into the Employer (Solutia) Stock Fund. To make a transfer of your diversified Solutia Company Match Account amounts, call the Benefits Line and request a Solutia Company Match Reallocation. You will need to call the Benefits Line by 3 p.m. Central time on the last business day of the month for your election to be in effect as of the last day of the month. To make a Solutia Company Match Reallocation Election, you will need to speak to a Benefits Center Representative. You will receive a confirmation of your Solutia Company Match Reallocation Election.

Amounts in your Monsanto Company Match Account remain invested in the Non-Employer (Monsanto) Stock Fund unless you make a Monsanto Company Match Stock Transfer Election as described on page 13 at the time of your deferral election. While you are in deferral status, you will be able to make a Monsanto Company Match Stock Transfer Election, once each month, subject to the rules described on page 13.

Remember, amounts transferred out of the Employer and Non-Employer Stock Fund Company Match Accounts continue to be accounted for separately.

Amounts in your Regular SIP and RIDA Contributions Accounts remain invested in accordance with your latest investment election unless you make an investment transfer election at the time of your deferral election. While you

are in deferral status you will be able to make investment transfers, once each month, subject to the rules and limitations described on page 13.

To Apply For A Deferral

To make a deferral election, call the Benefits Line by 3 p.m. Central time on the last business day of the month in which you want your election to be effective. If you do not request a final distribution or a deferral within two months of your retirement date, your SIP account will automatically be placed in deferral.

There will be an annual administrative fee for this deferral (currently \$12). Also, there is a check-issuance fee (currently \$2.50 per check) for withdrawals during deferral. These fees are subject to change in the future.

Loan Balance

You are not required to repay any outstanding loan balance if you elect deferral. However, if you do not repay your loan balance, your loan balance will be considered as distributed to you at retirement and reported as a distribution for income tax purposes. This could mean that you will have a SIP distribution in two different calendar years — when you retire and when the deferral ends. This may preclude the distribution at the end of your deferral from qualifying for a lump sum distribution. See the Tax Information section on pages 36-41.

If you repay any outstanding loan balance in full prior to retirement, your loan will not be reported as current taxable income at the time of your retirement.

Withdrawals

As a retiree in deferral, you will be able to make two withdrawals per year. The minimum amount of each withdrawal is \$500. For withdrawals after January 1, 1998, call the Benefits Line by 3 p.m. Central time on the last business day of the month in order to receive your withdrawal by the end of the following month. You will then receive a confirmation notice of your request and a SIP Notice of Alternative Tax Treatment. **You will not need to return the confirmation notice; however, by negotiating or otherwise cashing the withdrawal check, you will be consenting to the**

SAVINGS AND INVESTMENT PLAN

How the Plan Works *(cont'd)*

Deferral at Retirement (cont'd)

distribution and acknowledging receipt of the Notice of Alternative Tax Treatment.

When you elect a withdrawal, you will need to indicate whether you want the withdrawal amount paid directly to you or rolled over to an IRA. If you elect to have the withdrawal rolled over to an IRA, you will need to speak to a Benefits Center Representative. If you are receiving Monsanto and/or Solutia stock, your stock certificates will be sent separately from your check.

You will be able to either specify the order in which your investments in the Fixed Income, Balanced, and Equity Funds and your Employee Stock Account portions of the Employer and Non-Employer Stock Funds are to be depleted to fund the withdrawal (you will need to speak to a Benefits Center Representative to do this) or elect to have your withdrawal funded in proportion to your current balances in each. Your withdrawal will come from your accounts in the following order:

- ▶ First, Regular SIP Contributions Account;
- ▶ Second, RIDA Contributions Account;
- ▶ Third, vested Regular SIP Company Match;
- ▶ Fourth, vested RIDA Company Match.

All of the Fixed Income, Balanced, Equity, Non-Employer and Employer Stock Funds in each account are used before moving on to the next account. If you are withdrawing any portion of your Employee Stock Accounts and/or your Company Match Account, you can elect to receive such amounts as stock or cash. You will make separate elections for your Non-Employer (Monsanto) Stock Fund Accounts, your Solutia Employee Stock Account and your Solutia Company Match Account. If you elect to take stock, you will receive a certificate for full shares of stock and a check for the value of any fractional shares. If you do not make an election, your stock will be converted to cash.

If you have diversified Solutia Company Match Account amounts invested in the Fixed Income, Balanced and/or Equity Funds and you want to receive these amounts as Solutia stock, you must

make a Solutia Company Match Reallocation Election (see page 15) when you make your withdrawal request.

Direct Rollovers From Solutia/Subsidiary Plans Into SIP

If you retired on or after February 1, 1994, with an existing SIP account and elect either a deferral or installment payments, you may elect to directly roll over eligible lump sum payouts or partial distributions from qualified Solutia and subsidiary pension and/or savings plans into SIP.

If you elect to make a direct rollover from a qualified Solutia pension plan, you will need to complete the pension direct rollover election form included in your pension retirement package and indicate, in 10% increments, how you want your rollover amount invested among the Fixed Income, Balanced, Equity and/or Employer (Solutia) Stock Funds. Your rollover election form must be returned to the Benefits Center, along with your other retirement papers, by the 15th of the month prior to your retirement date in order for the rollover to occur on the last day of the month. If your rollover election form is received in the Benefits Center after the 15th of the month, your rollover election will be processed as soon as administratively possible. Rollovers from qualified Solutia pension plans into SIP will be made by a transfer between plans, so you will not directly receive any funds.

Direct rollover amounts will be treated as RIDA contributions. Company Match contributions will not be made on direct rollover amounts.

If You Die During Deferral

If you die while in deferral status and your surviving spouse is your SIP beneficiary (or one of your SIP beneficiaries), he or she will be able to elect either to receive an immediate final distribution or to defer receipt of the amount distributable to him or her for up to two years from the end of the month in which you died. Beneficiaries other than your surviving spouse will receive a final distribution as soon as practicable after your death. (See pages 33-34.)

SAVINGS AND INVESTMENT PLAN**How the Plan Works** *(cont'd)**Deferral at Retirement (cont'd)***Choices At End Of Deferral**

At the end of the deferral period you may elect to receive a final distribution or, if your account exceeds \$3,500, you may begin installment payments.

Statements

During the deferral period, you will continue to receive a personalized statement four times a year to report your March 31, June 30, September 30 and December 31 balances.

To End Your Deferral

To request a final distribution effective after January 1, 1998, call the Benefits Line by 3 p.m. Central time on the last business day of the month in order to receive your distribution by the end of the following month. You will then receive a confirmation notice of your request and a SIP Notice of Alternative Tax Treatment. **You will not need to return the confirmation notice; however, by negotiating or otherwise cashing the distribution check, you will be consenting to the distribution and acknowledging receipt of the Notice of Alternative Tax Treatment.**

When you elect a distribution, you will need to indicate whether you want the distribution amount paid directly to you or rolled over to an IRA. If you elect to have the distribution rolled over to an IRA, you will need to speak to a Benefits Center Representative. Your account will be distributed to you automatically in March of the calendar year following the calendar year in which you reach age 70-1/2 if you've made no election by then.

Tax Information On Deferrals

While you defer, you owe no current income tax on your SIP accounts. The taxable portion of a withdrawal is subject to ordinary income tax but not the additional 10% income tax. A final distribution may qualify for five- or 10-year averaging. You may also be able to roll over a final distribution. See the Tax Information section on pages 36-41.

TAKING MONEY OUT OF SIP — INSTALLMENT PAYMENTS AT RETIREMENT OR END OF DEFERRAL

When you retire, or any time during your deferral period, you can elect to begin receiving installment payments from your SIP balance. If you elect this option, payments must begin once you reach age 70-1/2. Your account balance must be greater than \$3,500 as of the date your installment payments begin.

How Long?

You select the payment period — from one year to a maximum determined by your age and actuarial life expectancy, as shown on the chart below:

<u>Your Age</u>	<u>Maximum Years of SIP Payments</u>
55	28.6
56	27.7
57	26.8
58	25.9
59	25.0
60	24.2
61	23.3
62	22.5
63	21.6
64	20.8
65	20.0
66	19.2
67	18.4
68	17.6
69	16.8
70	16.0
71	15.3
72	14.6
73	13.9
74	13.2

SAVINGS AND INVESTMENT PLAN**How the Plan Works** *(cont'd)**Installment Payments (cont'd)*

To find out the maximum payment period for other ages, call the Benefits Line and speak to a Benefits Center Representative.

How Often?

You select the payment interval — monthly, quarterly, or annually.

Administrative Fees

There is an annual administrative fee charged to your account while you receive installment payments (currently \$12). Also, there is a check-issuance fee (currently \$2.50 per installment check). These fees are subject to change in the future.

How Much?

How much you receive per payment depends on your SIP balance, the length of your payment period, your payment interval, SIP earnings and whether you make any withdrawals.

To estimate your payment, divide your total account balance (not including any unpaid loan balance) by the number of payments you elected. Each calendar year, your payment will be recalculated.

Transfer Of Funds At Time Of Election

Any balances in your Company Match and Employee Stock Accounts and your Balanced and Equity Funds will be transferred to the Fixed Income Fund, as of the effective date of your first installment payment, and must remain there during the entire period you are receiving installment payments. No transfers from the Fixed Income Fund are allowed. Once you elect installment payments, you cannot make elections regarding the investment of your accounts.

During the period of payments, the remaining balance you have in the Fixed Income Fund is credited with the composite earnings rate for that fund.

Loan Balance

If you have an outstanding loan balance, you have the option of repaying it before you retire. This will increase the value of your total SIP balance at retirement and the amount of subsequent payments to you. If you do not repay any outstanding loan balance before retirement, the outstanding loan balance will be considered to be a distribution at retirement and reported to you and the IRS for income tax purposes.

Statements

While you receive installment payments, you will continue to receive a personalized statement four times a year to report your March 31, June 30, September 30 and December 31 balances.

Making Changes During Installment Payment Period

You have one opportunity per year to change the number of years over which your account is to be distributed (but never in excess of your life expectancy as shown in the chart above) as well as the frequency of payments. To make a change in your installment payment, call the Benefits Line by 3 p.m. Central time on or before **the last business day of November**. The change will be effective with the first payment you receive in the next calendar year.

To make an address change, call the Benefits Line.

If you want to change your withholding election, complete a Form W-4P and return it to the Benefits Center. This form can be obtained by calling the Benefits Line.

Withdrawals During Installment Payment Period

Once installment payments begin, you will have one opportunity per calendar year to withdraw additional funds. Following a withdrawal, your installment amount is recalculated. To request a withdrawal after January 1, 1998, call the Benefits

SAVINGS AND INVESTMENT PLAN**How the Plan Works** (cont'd)*Installment Payments (cont'd)*

Line by 3 p.m. Central time on the last business day of the month in order to receive your withdrawal by the end of the following month. You will then receive a confirmation notice of your request and a SIP Notice of Alternative Tax Treatment.

You will not need to return the confirmation notice; however, by negotiating or otherwise cashing the withdrawal check, you will be consenting to the distribution and acknowledging receipt of the Notice of Alternative Tax Treatment.

When you elect a withdrawal, you will need to indicate whether you want the withdrawal amount paid directly to you or rolled over to an IRA. If you elect to have the withdrawal rolled over to an IRA, you will need to speak to a Benefits Center Representative.

You will receive a check, usually by the end of the month following the date of your withdrawal request.

To Apply For Installment Payments

To begin installment payments effective after January 1, 1998, call the Benefits Line by 3 p.m. Central time on the last business day of the month in order to begin receiving installment payments by the end of the following month. You will then receive a confirmation notice of your request and a SIP Notice of Alternative Tax Treatment. **You will not need to return the confirmation notice; however, by negotiating or otherwise cashing the installment checks, you will be consenting to the distribution and acknowledging receipt of the Notice of Alternative Tax Treatment.** You will receive your first payment by the end of the month following the date of your installment payment request, and after that, at the intervals you elected.

To End Installment Payments

You can stop installment payments at the end of any month by calling the Benefits Line and requesting a final distribution. To request a final distribution effective after January 1, 1998, call the Benefits Line by 3 p.m. Central time on the last business day of the month in order to receive your distribution by the end of the following month. You will then receive a confirmation notice of your request and a SIP Notice of Alternative Tax Treatment. **You will not need to return the confirmation notice; however, by negotiating or otherwise cashing the distribution check, you will be consenting to the distribution and acknowledging receipt of the Notice of Alternative Tax Treatment.**

When you elect a distribution, you will need to indicate whether you want the distribution amount paid directly to you or rolled over to an IRA. If you elect to have the distribution rolled over to an IRA, you will need to speak to a Benefits Center Representative. You will receive a check, usually by the end of the month following the date of your distribution request.

Your installment payments will end automatically when your SIP account is depleted. If you die while receiving installments and your surviving spouse is your SIP beneficiary (or one of your SIP beneficiaries), your spouse will be able to elect either to receive an immediate final distribution or to defer receipt of the amount distributable to him or her for up to two years. Beneficiaries other than your surviving spouse will receive a final distribution as soon as practicable after your death. See pages 33-34.

SAVINGS AND INVESTMENT PLAN

How the Plan Works *(cont'd)*

Installment Payments (cont'd)

Tax Information On Installment Payments

The taxable amount of an installment payment or other withdrawal will be subject to ordinary income tax, but is not subject to the additional 10% income tax. See the Tax Information section on pages 36-41.

TAKING MONEY OUT OF SIP — FINAL DISTRIBUTION WHEN LEAVING EMPLOYMENT OR T&PD

If you leave employment before retirement or are T&PD, you will have two choices: receive a final distribution at termination or defer receiving it until any time before age 70-1/2. If you elect the deferral option, you will be able to make two withdrawals per year after you have reached age 55 or at any age if you are T&PD.

Final Distribution (When Leaving Employment Or T&PD)

Refer to the earlier section on final distributions, pages 26-27. The information there applies to retirees, to those who leave employment before retirement and to employees who become T&PD.

TAKING MONEY OUT OF SIP — DEFERRAL WHEN LEAVING EMPLOYMENT OR T&PD

When you leave employment before retirement or become T&PD, you can defer receipt of your SIP account balances. Refer to the earlier section on deferral, pages 27-30. The information there applies to retirees, to those becoming T&PD and to those who are terminating with three exceptions:

- ▶ When you elect to end your deferral, you will receive a final distribution. The installment payment option is not available to you.

- ▶ You will not be permitted to make any partial withdrawals before you reach age 55 (unless you are T&PD). After you reach age 55, the withdrawal feature described on pages 28-29 will be available to you.
- ▶ You will not be able to roll over eligible lump sum payouts or partial distributions from qualified Solutia and subsidiary pension and/or savings plans into SIP.
- ▶ If you elect the deferral option and elect either a final distribution or a partial withdrawal before you reach age 59-1/2, you will incur the additional 10% income tax on the taxable portion of your distribution unless you are totally and permanently disabled.

The deferral option will be automatic if you make no other election when you leave employment or become T&PD.

TAKING MONEY OUT OF SIP — OTHER CIRCUMSTANCES

Death

In the event of the death of a participant, a designated SIP beneficiary is entitled to receive a final distribution of the value of the participant's SIP accounts. The beneficiary will need to call the Benefits Line by 3 p.m. Central time on the last business day of the month to indicate whether: (1) he or she wants to receive any balance in the Non-Employer Stock Fund as cash or shares of Monsanto common stock; and (2) he or she wants to receive any balance in the Employer Stock Fund as cash or shares of Solutia common stock. If no election is made, the beneficiary will receive a check for the value of the Monsanto and/or Solutia common stock.

SAVINGS AND INVESTMENT PLAN**How the Plan Works** (cont'd)*Other Circumstances (cont'd)*

A surviving spouse who is a SIP beneficiary of a participant will be able to elect either to receive an immediate final distribution or to defer receipt of the amount distributable to him or her for up to two years from the end of the month in which the participant died. A surviving spouse who is a SIP beneficiary and who does not request a final distribution or deferral within two months of the participant's death will have the amount distributable to him or her placed in deferral status. A surviving spouse who defers receipt (or who is placed in deferral) will be able to make two withdrawals per year. The minimum withdrawal amount is \$500 (account balance, if less). To request a withdrawal effective after January 1, 1998, a surviving spouse will need to call the Benefits Line by 3 p.m. Central time on the last business day of the month for the withdrawal to be received by the end of the following month. A surviving spouse may elect to take a final distribution as of the end of any month during the deferral period. For final distributions effective after January 1, 1998, a surviving spouse must call the Benefits Line by 3 p.m. Central time on the last business day of the month in order to receive a final distribution by the end of the following month.

While in deferral status, the Solutia stock in the Solutia Company Match Account will remain invested in Solutia stock. A surviving spouse will, however, be allowed to make investment transfer elections with respect to amounts in the participant's Regular SIP Contributions and RIDA Contributions Accounts subject to the rules and limitations described on page 13. A surviving spouse will not be able to make a direct rollover into SIP. **A final distribution will be made to a surviving spouse as of the date the two-year**

period ends if no election is made before such date. A surviving spouse who elects to defer distribution will receive a personalized statement four times a year to report the March 31, June 30, September 30 and December 31 balances. There will be an annual administrative fee for this deferral (currently \$12). Also, there is a check-issuance fee (currently \$2.50 per check) for withdrawals during deferral. These fees are subject to change in the future.

Except as described above, there are no deferral or installment payment options available to beneficiaries. Solutia will report the distribution to the IRS under the beneficiary's Social Security Number, and the beneficiary will be responsible for paying taxes on the taxable portion of the distribution. See the Tax Information section on pages 36-41.

Layoff

If you are on layoff, you can make SIP withdrawals, loans, and investment fund transfers as if you were an active employee. Any plan penalties resulting from a withdrawal while on layoff will be imposed when you are recalled to work. If you have not been recalled within one year of your layoff date, your employment will be considered terminated for purposes of SIP. You will be entitled to the options available to terminated employees (final distribution or deferral – see page 33) or retirees (final distribution, deferral, installment payments – see pages 26-33).

Separation From Service If You Make No Election

If you separate from service for any reason and make no election for taking money out of SIP, deferral will be automatic.

SAVINGS AND INVESTMENT PLAN**How the Plan Works** *(cont'd)**Other Circumstances (cont'd)***Reaching Age 70-1/2**

If you reach age 70-1/2, you must begin receiving required minimum distribution payments of your SIP accounts no later than April 1 of the following calendar year, unless you are still employed by the company. You will receive an explanation of your options in January of the calendar year in which you reach age 70-1/2. Important Note: You will also be receiving benefits from other qualified plans. Consult your tax advisor about the tax consequences of these distributions.

Transfers To Non-Participating Organization

If you transfer to a Solutia business unit or organization which has not adopted SIP, you will not be able to make contributions to SIP, but your SIP participation will continue. You will be able to make withdrawals and receive Five/10 Payouts as if you were an active employee of a participating employer. See pages 20-21 and 24-26. In addition, you will continue repaying outstanding loans and will be eligible to make new loans. The rules on pages 21-24 will generally apply to any loan you make while employed by the non-participating organization. There are some differences though. First, your maximum loan amount may need to be adjusted to reflect any loan you may have taken out under a qualified plan maintained

by the organization or non-participating business unit. Secondly, your loan repayments may or may not be made by payroll deduction. If not, you will need to make repayments by personal check. If you miss two such repayments, your loan will be in default. You will be notified if this occurs.

If you terminate employment with the non-participating business unit or organization and Solutia before age 55, you will have the same options as an active employee who leaves employment before retirement (see page 33). If you terminate employment with or retire from the non-participating business unit or organization after age 55 and have at least five years of Vesting Service, you will have the same options as an employee who retires (see pages 26-33).

Alternate Payees

Alternate Payees who are under age 55 as of the date of the Qualified Domestic Relations Order will have the same options as an employee who leaves employment before retirement (see page 33). Alternate Payees who are at least age 55 as of the date of the Qualified Domestic Relations Order will have the same options as an employee who retires (see pages 26-33). There is one exception: Alternate Payees cannot make direct rollovers into SIP.

SAVINGS AND INVESTMENT PLAN**Tax Information on Distributions**

This information is a general summary of the federal income tax consequences of various SIP distributions. State and local income tax and withholding rules may differ. When you are eligible to receive a SIP distribution, you should consult a tax advisor regarding your specific situation.

Summary

A payment from SIP that is eligible for **"rollover"** can be taken in two ways. You can have *all or any portion* of your payment either **(1) PAID IN A "DIRECT ROLLOVER,"** or **(2) PAID TO YOU.** A rollover is a payment of your SIP benefits to your individual retirement arrangement (IRA) or to another employer plan which will accept the rollover. This choice will affect the tax you owe.

1. If you choose a DIRECT ROLLOVER, the portion of your payment rolled over:

- ▶ will not be taxed in the current year and no income tax will be withheld.
- ▶ will be made directly to your IRA or, if you choose, to an employer plan that accepts your rollover.
- ▶ will be taxed later when you take it out of the IRA or the employer plan.

2. If you choose to have your SIP benefits PAID TO YOU:

- ▶ you will receive only 80% of the taxable amount of the payment, because the plan administrator is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes.
- ▶ your payment will be taxed in the current year unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59-1/2, you also may have to pay an additional 10% income tax.

▶ you can roll over the payment by paying it to your IRA or to another employer plan that accepts your rollover within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the IRA or employer plan.

▶ and you want to roll over 100% of the payment to an IRA or an employer plan, *you must find other money to replace the 20% that was withheld.* If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and not rolled over.

Payments That Can And Cannot Be Rolled Over

Payments from SIP may be **"eligible rollover distributions."** This means that they can be rolled over to an IRA or to another employer plan that accepts rollovers. The following types of payments cannot be rolled over:

Non-taxable Payments

In general, only the taxable portion of your payment is an eligible rollover distribution. If you have made after-tax Regular SIP contributions, these contributions will be non-taxable when they are paid to you, and they cannot be rolled over.

If you made Regular SIP contributions before January 1, 1987 ("grandfathered" contributions), you may be able to withdraw these first to avoid paying tax on a distribution. However, any distributions in excess of such "grandfathered" contributions or any installment payment will be at least partially taxable.

For tax purposes, if you take a partial withdrawal or Five/10 Payout before age 59-1/2, the distribution will include: first, your grandfathered Regular SIP contributions in your account as of December 31, 1986, if any (non-taxable); second, proportionately your Regular SIP contributions after that date (non-taxable) and earnings on all Regular SIP contributions (taxable); and finally, your Regular SIP Company Match Account (taxable).

For tax purposes, if you either (1) are 59-1/2 or older and take a Five/10 Payout or (2) take a partial withdrawal after you terminate employment, the distribution will include: first, your grandfathered Regular SIP contributions in your account

SAVINGS AND INVESTMENT PLAN**Tax Information on Distributions** *(cont'd)*

as of December 31, 1986, if any (non-taxable); second, proportionately your Regular SIP contributions after that date (non-taxable) and earnings on all Regular SIP contributions (taxable); third, your RIDA contributions and earnings (taxable); fourth, your rollover contributions and earnings on your rollover contributions (taxable); and finally, your Company Match Account (taxable).

Withdrawals during deferral are considered for tax purposes as first coming from grandfathered pre-1987 Regular SIP contributions (non-taxable), then proportionately from post-1986 Regular SIP contributions (non-taxable) and earnings (taxable), and lastly from RIDA and Company Match Accounts (taxable).

Each installment payment or withdrawal while receiving installments will be considered as paid partly from non-taxable and partly from taxable amounts in your SIP account.

Payments Spread Over Long Periods

You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for the maximum payout period allowed by SIP based on your age or a period of 10 years or more.

Required Minimum Payments

Once you reach age 70-1/2, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you.

Direct Rollover

You can choose a direct rollover of all or any portion of your payment that is an eligible rollover distribution, as described above. In a direct rollover, the eligible rollover distribution is paid directly from SIP to an IRA or another employer plan that accepts rollovers by means of a check or stock certificate issued in the name of the IRA or plan but sent to you at your home address. If you choose a direct rollover, you are not taxed on a payment until you later take it out of the IRA or the employer plan.

Direct Rollover to an IRA

You can open an IRA to receive the direct rollover. (The term "IRA," as used in this description, includes individual retirement accounts and individual retirement annuities.) If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA at that institution. If you want to roll over Solutia and/or Monsanto stock, be sure that the IRA can accept such stock. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to consider whether the IRA you choose will allow you later to move all or part of your payment to another IRA, without penalties or other limitations. See IRS Publication 590, *Individual Retirement Arrangements*, for more information on IRAs (including limits on how often you can roll over between IRAs).

Direct Rollover to a Qualified Plan

If you are employed by a new employer that has a qualified plan, and you want a direct rollover to that plan, ask the administrator of that plan whether it will accept your rollover. An employer plan is not legally required to accept a rollover and may not be willing to accept Solutia or Monsanto stock. If your new employer's plan does not accept rollovers, you can choose a direct rollover to an IRA.

Direct Rollover of Installment Payments

If you receive eligible rollover distributions that are paid in installments for less than 10 years and less than the maximum payout period based on your age, your choice to make or not make a direct rollover for a payment will apply to all later installment payments until you change your election. You are free to change your election for any later installment payment.

Payment Paid To You

If you have an eligible rollover distribution paid to you instead of a direct rollover, it is subject to 20% income tax withholding. The payment is

SAVINGS AND INVESTMENT PLAN**Tax Information on Distributions** (cont'd)

taxed in the year you receive it unless, within 60 days, you roll it over to an IRA or another plan that accepts rollovers. If you do not roll it over, special tax rules described later may apply.

Income Tax Withholding:

- ▶ **Mandatory Withholding.** If any portion of the payment to you is an eligible rollover distribution, SIP is required by law to withhold 20% of that amount. This amount is sent to the IRS as income tax withholding. For example, if your eligible rollover distribution is \$10,000, only \$8,000 will be paid to you because the plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, you will report the full \$10,000 as a payment from the plan. You will report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year.
- ▶ **Voluntary Withholding.** If any portion of your payment is not an eligible rollover distribution but is taxable, the mandatory withholding rules described above do not apply. You may elect not to have withholding apply to that portion.

Sixty-Day Rollover Option

If you have an eligible rollover distribution paid to you instead of a direct rollover, you can still decide to roll over all or part of it to an IRA or another employer plan that accepts rollovers. If you decide to roll over your distribution, *you must make the rollover within 60 days after you receive the payment.* The portion of your payment that is rolled over will not be taxed until you take it out of the IRA or the employer plan.

You can roll over up to 100% of the eligible rollover distribution, including an amount equal to the 20% that was withheld. If you choose to roll over 100% of your distribution within the 60-day period, you must contribute other money to the IRA or the employer plan to replace the 20% that was withheld. However, if you roll over only the 80% that you received, you will be taxed on the 20% that was withheld.

Example: Your eligible rollover distribution from SIP is \$10,000, and you choose to have it paid to you. You will receive \$8,000 and \$2,000

will be withheld and sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to an IRA or employer plan. To do this, you roll over the \$8,000 you received from SIP and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the IRA or employer plan. If you roll over the entire \$10,000, when you file your income tax return, you may get a refund of the \$2,000 withheld. If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)

Additional 10% Income Tax If You Are Under Age 59-1/2

If you receive a payment before you reach age 59-1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion. The additional 10% income tax does not apply to your payment if it is: (1) paid to you because you separate from service with all Solutia organizations during or after the year you reach age 55; (2) paid because you retire due to disability; (3) paid to you as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies); or (4) used to pay certain medical expenses. See IRS Form 5329 for more information on the additional 10% income tax.

Special Tax Treatment

If your eligible rollover distribution is not rolled over, it will be taxed in the year you receive it. An unpaid loan secured by taxable amounts will be treated as a taxable distribution in the year it is cancelled. However, if a distribution qualifies as a **"lump sum distribution,"** it may be eligible for special tax treatment. A lump sum distribution is a payment, within one calendar year, of your entire balance under SIP that is payable to you because you have reached age 59-1/2 or have separated from service with all Solutia organizations. For a payment to qualify as a lump sum distribution,

SAVINGS AND INVESTMENT PLAN**Tax Information on Distributions** (cont'd)

your combined participation in SIP and the Monsanto SIP (if you became a Solutia employee on September 1, 1997) must be at least five years. The special tax treatment for lump sum distributions is described below.

- ▶ **Five-Year Averaging.** If you receive a lump sum distribution after you are age 59-1/2, you may be able to make a one-time election to figure the tax on the payment by using **"five-year averaging."** Five-year averaging often reduces the tax you owe because it treats the payment much as if it were paid over five years. Five-year averaging will generally not be available for distributions after 1999.
- ▶ **10-Year Averaging If You Were Born Before January 1, 1936.** If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using **"10-year averaging"** (using 1986 tax rates) or five-year averaging (using current tax rates). Like the five-year averaging rules, 10-year averaging often reduces the tax you owe.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions (including Pension Plan lump sum payments) that you receive in that same calendar year. If you have previously rolled over a payment from SIP or PAYSOP either in a direct rollover or a rollover you make yourself, you cannot use this special tax treatment for later payments from SIP. If you roll over your payment to an IRA, you will not be able to use this special tax treatment for later payments from the IRA. Also, if you roll over only a portion of your payment to an IRA, this special tax treatment is not available for the rest of the payment. If you received partial distributions after you reached age 59-1/2 or after termination of service or if you received installment payments or if an outstanding loan was treated as a distribution, you may not be able to use forward averaging when the remainder of your SIP balance is paid to you in a complete distribution. This is because you may not have another event which qualifies the remainder as a lump sum distribution. Additional restrictions are described in IRS Form 4972.

SAVINGS AND INVESTMENT PLAN**Tax Information on Distributions** (cont'd)

The following chart summarizes the tax rules on distributions which qualify for lump sum tax treatment:

ALTERNATIVE TAX TREATMENT OF TAXABLE PORTIONS OF SIP AND PAYSOP DISTRIBUTIONS WHICH QUALIFY AS LUMP SUM DISTRIBUTIONS						
<u>Final Distribution</u>	<u>Your Age on 1/1/86</u>	<u>Your Age at Distribution</u>	<u>Tax Treatment Alternatives</u>			
			<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
			<u>Ordinary Income Tax</u>	<u>Rollover</u>	<u>5-Year For. Avg. (new rules) (Once in Lifetime)</u>	<u>10-Year For. Avg. (86 rules)</u>
you retire or terminate employment	under 50	under 59-1/2	✓*	✓		
you become disabled	under 50	under 59-1/2	✓	✓		
you terminate employment	50 or over (and not eligible to retire)	under 59-1/2	✓*	✓	✓* (choice of either)	✓*
you become disabled	50 or over	under 59-1/2	✓	✓	✓ (choice of either)	✓
you retire, terminate employment or become disabled	under 50	59-1/2 or over	✓	✓	✓	
you retire between 55 and 59-1/2	50 or over	55 or over	✓	✓	✓ (choice of either)	✓
you retire at 59-1/2 or over, term- inate employ- ment or become disabled	50 or over	59-1/2 or over	✓	✓	✓ (choice of either)	✓

* and additional 10% income tax, unless an exception applies.

Solutia and Monsanto Stock

There is a special rule for a payment from SIP that includes Solutia and/or Monsanto stock. To use this special rule, (1) the payment must qualify as a lump sum distribution, as described above (or would qualify except that you do not yet have five years of combined participation in SIP, the

Monsanto SIP and PAYSOP); or, (2) the Solutia and/or Monsanto stock included in the payment was purchased with after-tax Regular SIP contributions, if any. Under this special rule, you may have the option of not paying tax on the "**net unrealized appreciation**" of the stock until you sell the stock.

SAVINGS AND INVESTMENT PLAN**Tax Information on Distributions** (cont'd)

Net unrealized appreciation generally is the increase in the value of the Solutia and/or Monsanto stock while it was held by SIP. For example, if your Solutia and/or Monsanto stock in SIP was purchased when the stock was worth \$1,000 but was worth \$1,200 when you received it, you would not have to pay tax on the \$200 increase in value until you later sold the stock.

You may elect not to have the special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you receive the stock, unless you roll over the stock. The stock (including any net unrealized appreciation) can be rolled over to an IRA or another employer plan that accepts stock either in a direct rollover or a rollover that you make yourself.

If you receive Solutia and/or Monsanto stock in a payment that qualifies as a lump sum distribution, the special tax treatment for lump sum distributions described above (such as five-year averaging) also may apply. See IRS Form 4972 for additional information on these rules.

Surviving Spouses, Alternate Payees And Other Beneficiaries

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are **"alternate payees."** You are an alternate payee if your interest in the plan results from a **"qualified domestic relations order,"** which is an order issued by a court, usually in connection with a divorce or legal separation. Some of the rules summarized above also apply to a deceased employee's beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees and other beneficiaries that should be mentioned.

If you are a surviving spouse, you may choose to have an eligible rollover distribution paid in a direct rollover to an IRA or paid to you. If you have the payment paid to you, you can keep it or

roll it over yourself to an IRA but you cannot roll it over to an employer plan. If you are an alternate payee, you have the same choices as the employee. Thus, you can have the payment paid as a direct rollover or paid to you. If you have it paid to you, you can keep it or roll it over yourself to an IRA or to another employer plan that accepts rollovers. If you are a beneficiary other than the surviving spouse, you *cannot* choose a direct rollover and you *cannot* roll over the payment yourself.

If you are a surviving spouse, an alternate payee or another beneficiary, your payment is not subject to the additional 10% income tax described in the section "Payment Paid to You," even if you are younger than age 59-1/2.

If you are a surviving spouse, an alternate payee who is a spouse or former spouse, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions and the special rule for payments that include Solutia and/or Monsanto stock, as described in the section "Payment Paid to You." If you receive payment because of the employee's death, you may be able to treat it as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had five years of participation in SIP or PAYSOP.

How To Obtain Additional Information

This tax information summarizes only the federal (not state or local) tax rules that may apply to your payment. These rules are complex and contain many conditions and exceptions not mentioned here. Therefore, you should consult with a professional tax advisor *before* you take a payment of your benefits from SIP. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements*. These publications are available from your local IRS office or by calling 1-800-TAX-FORMS.

SAVINGS AND INVESTMENT PLAN**Additional Legal Information****ESOP**

The Trustee for SIP is authorized to borrow money from time to time, on behalf of the plan, for the purpose of acquiring Solutia common stock or repaying a prior loan made for similar purposes (an "ESOP Loan"). Each ESOP Loan is subject to certain limitations designed to ensure that the terms of the loan are reasonable. The company may guarantee any ESOP Loan.

In connection with the transfer of a portion of the Monsanto SIP to the plan:

- ▶ a portion of the Monsanto SIP ESOP Loans were transferred to the plan and the plan assumed the responsibility to repay those loans;
- ▶ a portion of the Monsanto SIP ESOP Suspense Account was transferred to the plan; and
- ▶ all shares of Monsanto common stock which were originally acquired under the Monsanto SIP with the proceeds of an ESOP Loan transferred to the plan were either exchanged for Solutia common stock from the Monsanto SIP or sold and the proceeds used to purchase shares of Solutia common stock.

All shares of Solutia common stock treated as acquired with the proceeds of an ESOP Loan ("ESOP Shares") are initially held by the Trustee in a separate "ESOP Suspense Account." Company Match contributions received by the plan, as well as dividends paid by the company on ESOP Shares will be used by the plan to repay principal and accrued interest on the ESOP Loan. Company cash contributions not used to repay the ESOP Loan will be used to purchase Solutia common stock on the open market. The company may also contribute shares of Solutia common stock to fund the Company Match. The value of the dividends on shares in your account will continue to be invested for you in Solutia common stock. As the ESOP Loans are repaid, shares of Solutia common stock in the ESOP Suspense Account will be released and allocated to your Solutia Company Match Account. Shares are

allocated on the basis of the fair market value of Solutia common stock at that time. There is a special adjustment for the Section 415 Limit relating to shares of stock acquired by the ESOP.

"Top-Heavy" Rules

Federal law requires the plan to have certain provisions which apply only in the event the plan becomes "top heavy" — in other words, primarily for the benefit of certain highly paid employees, officers and shareholders. The plan is presently not top heavy. It is not expected to become so in the future. If this changes, you will be notified and details of top heavy rules given to you.

Number Of Shares Available Under The Plan

There were 750,000 shares of Solutia common stock registered and made available under the plan.

Description Of Shares

The stock offered through the plan's Employer Stock Fund is Solutia Inc. common stock, \$0.01 par value. Each share of common stock issued under the plan will be issued along with a Preferred Share Purchase Right ("Right"). If a third party acquires or offers to acquire a significant block of Solutia stock, the Right may entitle you to purchase additional Solutia stock or the stock of the acquiring party. If your Right to purchase additional shares is triggered, you will receive more information on this feature. Until the Right to purchase shares is triggered, the company may redeem the Rights for \$0.01 per Right. The Rights cannot be traded separately from the shares of common stock until they become exercisable.

SAVINGS AND INVESTMENT PLAN

Additional Legal Information *(cont'd)*

Shareholder Rights — Solutia Stock

As a shareholder, you have the right to instruct the Trustee in the voting of all shares of Solutia stock credited to your Solutia Employee Stock Account and your Solutia Company Match Account or the sale of those shares in response to an offer from a third party (a "tender offer"). The Trustee will make proxy and tender offer materials available to you and will vote or tender shares of Solutia stock in accordance with your confidential instructions. Shares of Solutia stock held in the ESOP Suspense Account and shares of Solutia stock with respect to which no voting directions are timely received, are voted by the Trustee proportionately according to the voting directions received from participants. Shares of Solutia stock held in the ESOP Suspense Account will be tendered by the Trustee proportionately according to the tender instructions received from other participants. Shares of Solutia stock allocated to participants' accounts for which instructions are not timely received will not be tendered.

Shareholder Rights — Monsanto Stock

As a shareholder, you have the right to instruct the Trustee in the voting of all shares of Monsanto stock credited to your Monsanto Employee Stock Account and your Monsanto Company Match Account or the sale of those shares in response to an offer from a third party (a "tender offer"). The Trustee will make proxy and tender offer materials available to you and will vote or tender shares of Monsanto stock according to your confidential voting instructions. Shares of Monsanto stock with respect to which no voting directions are timely received are voted by the Trustee proportionately according to the voting directions received from participants. Shares of Monsanto stock for which instructions are not timely received will not be tendered.

Assignment Of Benefits

Your SIP accounts may not be sold, assigned, transferred, pledged or garnished, except pursuant to a Qualified Domestic Relations Order or a federal tax levy. If you become divorced or legally separated, certain court orders could require that part of your SIP accounts be paid to your former spouse or children if the plan administrator determines that the court order constitutes a Qualified Domestic Relations Order.

Divestitures

If you are employed by a division or subsidiary which is sold to another company and you become employed by the purchaser of your division or subsidiary and you have a RIDA Contributions Account, you will have the following options available to you at the time of the divestiture:

- ▶ if you are at least age 59-1/2 and are eligible to receive a pension benefit at the time of the divestiture, you may elect the deferral option (see pages 27-30), a final distribution (see pages 26-27), or installment payments (see pages 30-33).
- ▶ if you are eligible to receive a pension benefit but are not age 59-1/2 at the time of the divestiture, you may elect the deferral option or a final distribution (see pages 26-30). If you elect the deferral option, you may, at any time after attaining age 59-1/2, elect to begin receiving installment payments.
- ▶ if you are not eligible to receive a pension benefit, you may elect either a final distribution or the deferral option.

SAVINGS AND INVESTMENT PLAN**Additional Legal Information** *(cont'd)*

ONE IMPORTANT NOTE IF YOU ARE UNDER AGE 59-1/2 AT THE TIME OF THE DIVESTITURE, THE DIVESTITURE OCCURRED ON OR AFTER JANUARY 1, 1992, AND YOU ELECT THE DEFERRAL OPTION: If you do not elect to receive a final distribution prior to the end of the second calendar year following the divestiture, you will not be able to receive a distribution or withdrawal of your RIDA Contributions Account until the earlier of the date you reach age 59-1/2 or the date you separate from service with the purchaser.

Plan Subject To ERISA

SIP is a defined contribution plan which is intended to qualify under Sections 401(a), 401(k) and 401(m) of the Internal Revenue Code of 1986 ("Code"). A portion of SIP is also intended to be an employee stock ownership plan, as defined in Section 4975 of the Code and Section 407(d)(6) of the Employee Retirement Income Security Act of 1974 ("ERISA"), designed to invest primarily in qualifying employer securities. SIP is also subject to certain provisions of ERISA, including ERISA's reporting and disclosure (Part 1 of Title I) and fiduciary responsibility (Part 4 of Title I) requirements. SIP must also meet the minimum standards for participation and vesting found in Part 2 of Title I of ERISA as well as in Sections 401(a), 410 and 411 of the Code. SIP is not, however, subject to the minimum funding standards imposed by Part 3 of Title I of ERISA and Section

412 of the Code, nor are benefits under the plan eligible for plan termination insurance provided by the Pension Benefit Guaranty Corporation under Title IV of ERISA. Plan termination insurance is limited to certain kinds of pension plans and is not available for defined contribution plans such as SIP.

Administration Of Plan

The plan will be administered by Solutia's Employee Benefits Plans Committee ("EBPC"). The members of the EBPC are appointed by the Board of Directors or Chief Executive Officer of Solutia. The EBPC has the exclusive right to interpret the plan and to decide matters arising under the plan or in connection with its administration, including eligibility for, and the amount of, distributions and withdrawals. The EBPC may from time to time adopt rules for the administration of the plan and the conduct of its business. Such rules must be consistent with the provisions of the plan.

The Pension and Savings Fund Committee ("PSFC") has certain rights and obligations to: (1) control and manage plan assets, (2) approve the selection criteria for fixed income investments, and (3) appoint and remove the Trustee and any investment manager retained in connection with the investment of such plan assets. The members of the PSFC are appointed by the Board of Directors.

SAVINGS AND INVESTMENT PLAN**Additional Legal Information** *(cont'd)*

The Trustee for the plan is The Northern Trust Company, 50 South LaSalle Street, Chicago, Illinois 60675.

You may obtain additional information about the plan and its administrators by writing or calling:

Solutia Benefits Center
100 Half Day Road
Lincolnshire, IL 60069-1459
1-888-726-8616

Amendment And Termination

Solutia expects to continue the plan described here. However, because it is impossible to predict all future conditions, Solutia must reserve the right to amend the plan. Solutia may amend the plan at any time in any respect through action of its Board of Directors, the EBPC or the delegate of either, and subject to any agreement with a collective bargaining unit. No amendment may permit funds in the plan to be used for any purpose other than the exclusive benefit of participants. Solutia may also terminate the plan with respect to all employers, through action of its Board of Directors, the EBPC or the delegate of either and subject to any agreement with a collective bargaining unit. Each participating subsidiary may discontinue its contributions to SIP or terminate SIP with respect to its employees subject to any agreement with a collective bargaining unit. In the case of such termination or discontinuance of contributions, the Company Match Account of each participant affected by the termination or discontinuance will become 100% vested.

Plan Administrator

The Plan Administrator and sponsor of the plan is Solutia Inc., 10300 Olive Boulevard, P.O. Box 66760, St. Louis, Missouri 63166-6760, phone (314) 674-1000.

Plan Year

Records for all benefits are kept on a plan-year basis. The plan year for the plan is January 1 through December 31.

Agent For Service Of Legal Process

Any service of legal process should be sent to General Counsel, Solutia Inc., 10300 Olive Boulevard, P.O. Box 66760, St. Louis, Missouri 63166-6760. Legal process may also be served on the Plan Administrator or the Plan Trustee.

Identification Numbers

The Company's federal employer identification number is 43-1781797. The plan's identification number is 003.

Claims Appeal Procedures

Generally, your claim will be processed within 90 days (normally much sooner) unless you are notified of a delay.

If your application for a benefit is denied — or if you do not receive an answer to your claim within 90 days — you may request a review within 60 days. Your appeal must be filed with the Employee Benefits Plans Committee or its designee. Any documents needed to perfect your

SAVINGS AND INVESTMENT PLAN**Additional Legal Information** *(cont'd)*

claim will be made available and the claims review procedure will be explained to you. Your appeal must be in writing and may be made by you or by your representative. A decision on the appeal will generally be made within 60 days. The final decision will be in writing and will provide specific reasons for the decision.

ERISA Rights

Solutia, its subsidiaries and its predecessors have always operated their employee benefit plans with the interests of employees in mind and have always attempted to communicate to employees their rights and entitlements. However, even though you may already have received information included in the following, federal law and regulations also require that we inform you that:

"As a participant in the Savings and Investment Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

- ▶ Examine, without charge, at the plan administrator's office and at other specified locations, such as worksites, all plan documents, including insurance contracts and copies of all documents filed by the plan with the U.S. Department of Labor, such as detailed annual reports.
- ▶ Obtain copies of all plan documents and other plan information upon written request to the plan administrator. The administrator may make a reasonable charge for the copies.

- ▶ Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

"In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called 'fiduciaries' of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for a benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the plan review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may

SAVINGS AND INVESTMENT PLAN**Additional Legal Information** *(cont'd)*

file suit in a federal court. The court will decide who should pay court costs and legal fees. If you lose, the court may order you to pay these costs and fees; for example, if it finds your claim is frivolous. If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor-Management Services Administration, Department of Labor."

Plan Documents

This Summary Plan Description generally describes the benefits provided under the plan. It does not attempt to cover every detail concerning the plan. The terms of the plan are set forth in the applicable plan document. The plan is maintained for certain employees pursuant to one or more collective bargaining agreements. In the event that a provision in the applicable document, union agreement or contract conflicts with this Summary Plan Description, the terms of the documents shall control. The plan documents and union agreements, as well as the plan's Annual Report as filed with the U.S. Department of Labor, are available for review through your HR Rep during normal working hours. Upon written request to the Employee Benefits Plans Committee, Solutia Inc., 10300 Olive Boulevard, P.O. Box 66760, St. Louis, Missouri 63166-6760, a copy of these documents (for which a reasonable charge may be made) will be furnished to a plan participant or beneficiary within 30 days of receipt of the written request. Neither this booklet nor any statements concerning the described plan shall confer any right to continued employment.

Standard Of Review And Exercise Of Discretion

The company or other person designated by the company has the discretionary authority to interpret all plan provisions, and determine whether a participant or beneficiary is entitled to any benefit pursuant to the terms of the plan. Any good faith interpretation of the terms of the plan by the company (or its designee) for which there is a rational basis shall be final and legally binding on all parties.

A review of a final decision or action of the company (or its designee) shall be based only on the evidence before the company (or its designee) at the time of the decision.

Plan Participants

The principal employer under the plan is Solutia Inc. Other participants provided coverage under the plan include salaried employees of Solutia Inter-America Company. An updated list of employers may be obtained by participants and beneficiaries upon written request to the plan administrator and is available for examination by participants and beneficiaries.

Incorporation Of Certain Documents By Reference

The following documents filed with the Securities and Exchange Commission are incorporated herein by reference:

- A. The company's and the plan's latest annual reports, filed pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act"), or, in the case of the company, the company's latest prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933 which contains, either directly or by incorporation by reference, audited financial statements for the company's latest fiscal year

SAVINGS AND INVESTMENT PLAN**Additional Legal Information** *(cont'd)*

for which such statements have been filed, or the company's effective registration statement on Form 10 filed under the Exchange Act containing audited consolidated financial statements for the company's latest fiscal year.

- B.** All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the annual reports or the prospectus or effective registration statement referred to in (a) above.
- C.** The description of Solutia Inc. common stock, \$0.01 par value, and the description of associated Preferred Share Purchase Rights contained in a Registration Statement filed under the Exchange Act, including any amendments or reports filed for the purpose of updating such descriptions.

All reports and other documents or portions of documents subsequently filed by the company or the plan pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, as amended, prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold, or which deregisters all securities

remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of the filing of such reports and documents.

Solutia shall provide without charge to each person to whom a prospectus is delivered, on the written or oral request of any such person, a copy of all or any of the above documents incorporated by reference herein (other than exhibits to such documents), as well as a copy of all or any documents that constitute a part of the prospectus, the company's most recent annual report to shareholders and other communications to shareholders generally. All such requests or inquiries for additional information should be directed to:

Corporate Secretary
Solutia Inc.
10300 Olive Boulevard, P.O. Box 66760
St. Louis, Missouri 63166-6760
(314) 674-1000

SAVINGS AND INVESTMENT PLAN**Your Practical Guide**

EVENT — IF YOU WANT TO —	CALL THE SOLUTIA BENEFITS LINE BY 3 P.M. CENTRAL TIME ON¹ —	REFER TO PAGE —
<i>Enroll in SIP:</i>	the 10th of the month prior to month contributions begin	3
<i>Purchase Savings Bonds (or change registration):</i>	the last business day of the month	3,12
<i>Change the percentage of base pay you are contributing to either Regular SIP, RIDA or both:</i>	the 10th of the month prior to month change is effective	12
<i>Suspend contributions completely:</i>	the 10th of the month prior to month change is effective	12
<i>Resume contributions:</i>	the 10th of the month prior to month change is effective	12
<i>Change how future contribu- tions are invested among funds or to transfer the value of past contributions among funds while an active employee:</i>	the last business day of the month	12-13
<i>Apply for a Monsanto and/or Solutia Company Match Stock Transfer Election:</i>	the last business day of the month	13-15
<i>Make a Company Match Reallocation Election:</i>	the last business day of the month	15
<i>Make a Regular SIP withdrawal:</i>	the last business day of the month ²	20-21

¹If this date falls on a weekend or a Solutia Benefits Center holiday:

- and you need to talk with a Benefits Center Representative to process your transaction, the cut-off date is the prior business day,
- or if your transaction can be processed through the touch-tone phone system, the cut-off date does not change — except when it's a Sunday, and then it will be the Saturday before.

²Prior to January 1, 1998, you must call the Benefits Center by the 25th of the month and return your signed confirmation notice by the 5th day of the following month.

SAVINGS AND INVESTMENT PLAN**Your Practical Guide** (cont'd)

EVENT — IF YOU WANT TO —	CALL THE SOLUTIA BENEFITS LINE BY 3 P.M. CENTRAL TIME ON¹ —	REFER TO PAGE —
<i>Request new/refinance loan:</i>	the last business day of the month ³	21-24
<i>Elect a Five/10 Payout:</i>	the last business day of the month ²	24-26
<i>Request a final distribution:</i>	the last business day of the month ²	26-27
<i>Request a final distribution upon death of employee:</i>	the last business day of the month	33-34
<i>Elect deferral option:</i>	the last business day of the month	27-30
<i>Make withdrawal while in deferral status:</i>	the last business day of the month ²	28-29
<i>End deferral option:</i>	the last business day of the month ²	30
<i>Begin receiving installment payments:</i>	the last business day of the month ²	30-33
<i>Change installment payment period or frequency:</i>	the last business day of November	31
<i>Make withdrawal while receiving installment payments:</i>	the last business day of the month ²	31-32
<i>Transfer the value of your contributions and/or the Company Match among funds while in deferral:</i>	the last business day of the month	27-28

¹If this date falls on a weekend or a Solutia Benefits Center holiday:

- ▶ and you need to talk with a Benefits Center Representative to process your transaction, the cut-off date is the prior business day,
- ▶ or if your transaction can be processed through the touch-tone phone system, the cut-off date does not change — except when it's a Sunday, and then it will be the Saturday before.

²Prior to January 1, 1998, you must call the Benefits Center by the 25th of the month and return your signed confirmation notice so that it is received in the Benefits Center by the fifth day of the following month.

³Prior to January 1, 1998, you must call the Benefits Center by the 25th of the month and return your signed Promissory Note/Disclosure Statement so that it is received in the Benefits Center by the fifth day of the following month.